More telecommunications jobs eliminated

US: 21,000 Verizon workers accept buyout

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19 November 2003

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The cuts at Verizon, the largest carried out in the company's history and affecting both management and unionized workers, signal more job hemorrhaging in a telecommunications industry that has already seen the elimination of nearly half a million jobs over the past three years. AT&T has reduced its workforce by 200,000 since the 1980s.

Verizon is making the massive job cuts in an attempt to reduce costs as growth stagnates and the company finds itself burdened with a mountain of debt. Verizon executives are also hoping that the move will encourage investors and raise the price of the firm's stock. Currently, the price of a Verizon share is about $33, less than half its 1999 high of $69. While both the Standard & Poor's 500 and the Dow Jones industrial average have risen 15 percent since May, Verizon stock has fallen by the same amount.

The company is eliminating jobs through a massive early retirement program. Eligible employees had until November 14 to take the offer and must be off the payroll by November 22. According to a company e-mail sent out on Monday, 16,000 management and 5,600 vocational employees took the offer. In the last week alone, almost 10,000 employees signed up for the retirement package.

The impact of the job cuts will be felt by both those workers who remain and Verizon customers. Overall, the cut represents 10 percent of the company's workforce. However, many departments are losing 50 percent or more of their management and a large percentage of their vocational employees. Some departments are losing all of their managerial staff. Most vacated jobs will not be filled through promotions or new hiring. The company has stated that it will only consider promotions when four or more people leave a department, and then only one person will be promoted to fill the empty positions.

Customers have not been informed of the cutbacks, and the company has made little or no provisions to fill the gaps that will be created in services. On the contrary, officials have issued instructions that no upgrades to the network or systems will be conducted during the next two months.

The number of managers and vocational personnel taking the offer is far greater than that anticipated or desired, at least publicly, by company officials. When the offer was first made in early October, company officials stated that they sought to cut 2,800 vocational and 3,500 to 5,000 management positions. In the past, when Verizon made early retirement offers and the number choosing to take the offer exceeded the company target, it would choose who would be allowed to take the retirement package. In this instance, the company is allowing everyone who wants the retirement offer to take it.

Verizon has not released any demographics on those taking the buyout. However, those leaving fall into three main groups. The largest group consists of workers in their late 50s. Most were probably planning to work a few more years, but they have enough years of service so that they can start receiving their pensions and hold on until they can collect Social Security.

Another group accepting the retirement package comprises employees in their early 50s, who may or may not have enough years of service to start collecting their pensions. These workers realize that they are going to have to find another job, although it may be part-time, to tide them over until they reach retirement age. The third group is made up of younger workers, who will not get the full package but realize that they will otherwise soon be facing layoffs. They have decided to take the company offer and see if they can change careers.

The especially large number of workers accepting the buyout is due in part to the size of the package. Management will each receive a lump sum of $75,000 to $100,000, depending upon years of service and current salary, and vocational employees $10,000, plus $2,200 for each year of service up to 30 years and a 5 percent increase in their pensions. However, the fact that so many employees accepted the buyout also reflects the growing pressure and workload being placed on workers and lower-level management.

The past 10 years have witnessed unprecedented change in the work environment, as Verizon has gone through numerous reorganizations, interspersed with downsizing and job cuts. These have included the merger of Bell Atlantic and NYNEX in 1997 and the merger of Bell Atlantic with GTE in 2000 to form Verizon.

Each of these reorganizations has resulted in an increased workload for every employee as departments have been combined or entirely wiped out. Over the past two years alone, Verizon has cut some 20,000 jobs. For many employees, the introduction of computerization has meant that every minute, every key stroke is counted, tabulated and assessed. Centers that don't perform up to expectations can be closed down and the work shifted at virtually a moment's notice.

The extra workload has fallen especially hard on lower-level management who have been expected to maintain production with a reduced workforce. While placing additional demands on this group, Verizon has also cut its pensions, health care benefits and overtime compensation.

Management must now pay a portion of their health care, and pensions are no longer benefit-based. Never eligible for overtime, managers who had to work longer hours in the past were compensated in the form of time off equal to one and a half times the extra time they spent working. This was then cut to straight time and now has been eliminated altogether. The effect is that most first-level managers work longer hours, and on an hourly basis—and sometimes in their total pay—earn less than many vocational workers.

Verizon has also hurt employees through the decline in the value of their 401(k) plans. Many workers suspect that Verizon may have deliberately kept the stock price low in part so that those employees who are leaving will get less when they cash in or roll over their plans that include company stock.

Another aspect of this massive downsizing is the role played by the Communication Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW), the two unions that represent Verizon's vocational employees. Verizon could not carry through such a massive cut of its work force without the cooperation of its two major unions.

In the recent period, both the CWA and the IBEW have sought to establish themselves as valuable partners with the company in reducing costs and maintaining order so that Verizon could remain a "competitive" corporation. They have overseen the destruction of thousands of jobs. During this past summer, the two unions worked to prevent a strike and negotiated new five-year contracts that resulted in wage increases falling below the rate of inflation and reduced benefits. While Verizon agreed not to carry out any layoffs of current employees, the unions agreed to cutting the workforce through early retirement packages, including the current one, and to permitting new hires to be subject to layoff.

The union leadership has also agreed that Verizon will not have to replace the vast majority of the 5,600 taking the new retirement package. If the company feels it must hire new people, it will be able to pay them less and lay them off at any time.